AMENDED IN SENATE JULY 3, 2014
AMENDED IN SENATE JUNE 23, 2014
AMENDED IN SENATE JUNE 10, 2014
AMENDED IN SENATE FEBRUARY 20, 2014
AMENDED IN SENATE FEBRUARY 12, 2014

SENATE BILL

No. 848

# **Introduced by Senator Wolk**

(Principal coauthor: Assembly Member Frazier)

(Coauthors: Senators De León, DeSaulnier, Hancock, Hueso, Pavley, and Steinberg)

(Coauthor: Assembly Member Bonilla)

January 9, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a safe drinking water, water quality, and water supply program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 848, as amended, Wolk. Safe Drinking Water, Water Quality, and Water Supply Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the

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State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe Drinking Water, Water Quality, and Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$10,500,000,000 \$7,500,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and water supply program.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) Existing law, the Water Conservation and Water Quality Bond Law of 1986, approved by the voters at the June 3, 1986, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$150,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation and water quality program. Existing law, the Water Conservation Bond Law of 1988, approved by the voters at the November 8, 1988, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$60,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation program. Existing law, the Safe, Clean, Reliable Water Supply Act, a bond act approved by the voters as Proposition 204 at the November 5, 1996, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$995,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe, clean, reliable water supply program. Existing law, the Costa-Machado Water Act of 2000, a bond act approved by the voters as Proposition 13 at the March 7, 2000, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$1,970,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe drinking water, clean water, watershed protection, and flood protection program.

This bill would authorize the Legislature to appropriate any unencumbered proceeds of bonds from the above-described bond acts in their respective bond funds as of November 5, 2014, for prescribed

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purposes as described in the Safe Drinking Water, Water Quality, and Water Supply Act of 2014. This bill would provide for the submission of these provisions to the voters at the November 4, 2014, statewide general election.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

# DIVISION 26.7. THE SAFE DRINKING WATER, WATER QUALITY, AND WATER SUPPLY ACT OF 2014

### CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the Safe Drinking Water, Water Quality, and Water Supply Act of 2014.

# Chapter 2. Findings and Declarations

 79705. In placing this measure before the voters, the Legislature finds and declares that all of the following are in the public's interest:

- (a) Ensuring that safe drinking water is available to all Californians.
- (b) Protecting water quality and cleaning up contaminated water sources.
  - (c) Increasing water supply and water supply reliability.
- (d) Assisting each region of the state in improving local water supply reliability and water quality.
- (e) Resolving water-related conflicts and improving local and regional water self-reliance.

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(f) Protecting the rivers, lakes, and streams of the state from pollution, loss of water quality, and destruction of fish and wildlife habitat.

79706. The Legislature further finds and declares that to achieve the public interest objectives under Section 79705, it is necessary to invest state resources in the following:

- (a) Safe drinking water projects, especially projects addressing the needs of disadvantaged communities, and financing urgent public health emergency actions to ensure safe drinking water supplies.
- (b) Wastewater treatment projects to keep contaminants out of rivers, lakes, streams, and coastal waters.
- (c) Projects to enhance water supplies and increase water supply reliability through the following:
- (1) Urban and agricultural water conservation and water use efficiency projects.
- (2) Groundwater clean up or pollution prevention in sources of drinking water.
  - (3) Water recycling projects.
  - (4) Projects to desalinate brackish and ocean water.
  - (5) Stormwater capture and reuse.
  - (6) Sustainable groundwater management.
- (d) Projects that improve Delta water quality, restore ecosystems, protect fish populations, and increase community sustainability.
- (e) Projects that reduce the risk of levee failure and flood in the Delta.
- (f) Projects to protect and restore watersheds and urban rivers, and address water quality deficiencies at state parks.
  - (g) Projects to develop additional water storage and capacity.

31 Chapter 3. Purpose

79708. An agency allocating funds provided by this division shall prioritize investment in projects that provide drought relief, safe drinking water, and water use efficiency improvements necessary to increase the sustainability of California's water systems.

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## Chapter 4. Definitions

- 79710. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:
  - (a) "Commission" means the California Water Commission.
- (b) "Delta" means the Sacramento-San Joaquin Delta as defined in Section 85058.
- (c) "Delta counties" means Contra Costa, Sacramento, San Joaquin, Solano, and Yolo counties.
  - (d) "Department" means the Department of Water Resources.
  - (e) "Director" means the Director of Water Resources.
- (f) "Disadvantaged community" has the same meaning as set forth in subdivision (a) of Section 79505.5.
- (g) "Finance committee" means the Safe Drinking Water, Water Quality, and Water Supply Finance Committee created by Section 79824.
- (h) "Fund" means the Safe Drinking Water, Water Quality, and Water Supply Fund of 2014 created by Section 79770.
- (i) "Initial operation and maintenance costs" mean those initial, eligible, reimbursable costs under a construction funding agreement that are incurred up to, and including, initial startup testing of the constructed project in order to deem the project complete.
- (j) "Integrated regional water management plan" means a comprehensive plan for a defined geographic area that meets the requirements of Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended.
- (k) "Interim" means the limited period of time needed to address the identified urgent need for safe drinking water, not to exceed three years.
- (*l*) "Local match" and "matching funds" mean funds made available by nonstate sources, which may include, but are not limited to, donated services from nonstate sources.
- (m) "Nonprofit organization" means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.
- (n) "Public agency" means a state agency or department, public water system, special district, joint powers authority, city, county, city and county, or other political subdivision of the state.

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1 (o) "Secretary" means the Secretary of the Natural Resources 2 Agency.

- (p) "Severely disadvantaged community" has the same meaning as set forth in subdivision (n) of Section 116760.20 of the Health and Safety Code.
- (q) "Small water system" means a public water system that serves 15 or more service connections but not more than 3,000 persons and regularly serves drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.
- (r) "State board" means the State Water Resources Control Board.
  - (s) "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).
  - (t) "State small water system" means a system for the provision of piped water to the public for human consumption that serves at least 5, but no more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

Chapter 5. Safe Drinking Water Projects Water Projects

79720. (a) It is the intent of the people that this chapter provide funds to ensure the provision of safe drinking water to all Californians and to increase the reliability of water supply for safe drinking water and other purposes.

(b) The sum of three billion twenty two billion three hundred fifty million dollars (\$3,020,000,000) (\$2,350,000,000) shall be available for the purposes of this chapter.

79721. From the funds described in Section 79720, one hundred seventy million dollars—(\$100,000,000) (\$70,000,000) shall be available to the state board for grants and direct expenditures to finance urgent actions needed to provide drinking water in communities that lack access to safe drinking water to ensure that safe drinking water supplies are available to all Californians. Grants and direct expenditures shall be exempt from contracting and procurement requirements to the extent necessary to take immediate action to protect public health and safety. Grants awarded pursuant

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to this section shall not exceed two hundred fifty thousand dollars (\$250,000). Eligible actions include, but are not limited to, the following:

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- (a) Providing interim water supplies, for a period not to exceed three years, where necessary to protect public health, including the design, purchase, installation, and operation and maintenance of interim water treatment equipment and systems.
- (b) Improvements in existing water systems, including, but not limited to, design and construction of improvements necessary to resume delivery of safe drinking water.
  - (c) Establishing connections to an adjacent water system.
- (d) Urgent wastewater treatment projects in order to prevent the contamination of a drinking water source.

79722. (a) From the funds described in Section 79720, four hundred million dollars (\$400,000,000) two hundred eighty-five million dollars (\$285,000,000) shall be available to the state board for grants and loans for public water system infrastructure improvements and related actions to meet primary or secondary safe drinking water standards or contaminants identified by the state or federal government for development of a primary or secondary drinking water standard and ensure affordable drinking water. Priority shall be given to projects that provide treatment for contamination or access to alternative drinking water sources in areas where drinking water sources have been impaired by chemical and nitrate contaminants and other health hazards identified by the state board. Eligible recipients either operate small water systems or state small water systems in disadvantaged communities or are public agencies that are authorized to act on behalf of those systems. The state board may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Eligible expenses may include initial operation and maintenance costs for systems serving disadvantaged communities. Special consideration will be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community served by a small or state small water system or private well and that lacks safe, affordable drinking water. Construction grants shall be limited to five million dollars (\$5,000,000) per project, except that the state board may set a limit of not more than twenty million dollars (\$20,000,000) for projects that provide regional or shared solutions among

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multiple entities, at least one of which is a small disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

- (b) The state board may expend up to twenty-five million dollars (\$25,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.
- (c) At least 10 percent of the funds available pursuant to this section shall be allocated for projects serving severely disadvantaged communities.
- (d) Of the funds available pursuant to subdivision (c), the state board may expend up to ten million dollars (\$10,000,000) to finance development and demonstration of new technologies and related facilities for water contaminant removal and treatment appropriate for use by small water systems and state small water systems.
- (e) (1) Up to two million five hundred thousand dollars (\$2,500,000) of the funds available pursuant to this section may be available as temporary initial funding for a pooled capital reserve among small water systems and state small water systems. This pooled capital reserve would be administered by the state board. The purpose of the pooled capital reserve would be to allow participating systems to collect sufficient financial capacity from the system's ratepayers over an affordable schedule. The funds available pursuant to this subdivision shall be utilized only if the state board determines that there are insufficient deposits from any participating small water systems and state small water systems in the pooled capital reserve. If bond funds will be used pursuant to this subdivision, the state board shall develop criteria to implement this subdivision that includes full repayment provisions for any withdrawals from the pooled capital reserve.
- (2) This subdivision shall become inoperative on January 1, 2024.
  - 79723. The state board may administer together the funds allocated pursuant to subdivision (b) of Section 79722 and subdivision (b) of Section 79721.
- 79724. (a) From the funds described in Section 79720,—one billion four hundred million dollars (\$1,400,000,000) eight hundred twenty-five million dollars (\$825,000,000) shall be available to the department for competitive grants for projects that implement an adopted integrated regional water management plan consistent

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with Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended.

- (b) Eligible projects are those that improve the quality or supply of safe drinking water, increase regional water self-reliance, or address any of the following other critical water management issues:
- (1) Groundwater clean up or pollution prevention in sources of drinking water.
- (2) Advanced water treatment technology projects to remove contaminants from drinking water, water recycling, and related projects, such as distribution or groundwater recharge infrastructure.
- (3) Urban and agricultural water conservation and water use efficiency projects.
- (4) Water reuse and recycling for nonpotable reuse and direct and indirect potable reuse.
- (5) The repair or replacement of aging water management infrastructure in disadvantaged communities.
- (6) Other integrated water infrastructure projects that address one or more water management activities and improve the reliability or quality of regional water supplies.
  - (7) Brackish groundwater and ocean water desalination projects.
  - (8) Groundwater storage.
- 24 (9) Recycled water storage.

- 25 (10) Sediment removal to improve storage.
  - (11) Dam seismic retrofit.
  - (12) Local and regional conveyance projects that will improve regional connectivity and maximize the benefits of existing water storage.
  - (13) Other projects eligible under Section 79561 of the Water Code.
  - (c) Funds made available pursuant to this section shall be available upon appropriation to, and shall be administered by, the department, in coordination with the state board.
  - (d) Projects funded pursuant to this section shall require a local match of not less than 25 percent of project costs, except the department may suspend or reduce cost share requirements for projects serving disadvantaged communities or that reduce reliance on the Delta, consistent with Section 85021.

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(e) To be eligible for funding under this section, a region shall comply with the following requirements:

- (1) Have an adopted integrated regional water management plan.
- (2) Each urban and agricultural water supplier that would benefit from a project shall adopt and submit an urban or agricultural water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) or the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6).
- (3) Each local agency whose service area includes a groundwater basin or subbasin that would benefit from a groundwater management project shall adopt and submit a groundwater management plan in accordance with groundwater management planning requirements established under Division 6 (commencing with Section 10000).
- 79725. Funding described in Section 79724 shall be allocated to hydrologic regions as identified in the California Water Plan and listed below. For the South Coast Region, the department shall establish three subregions that reflect the San Diego County watersheds, the Santa Ana River watershed, and the Los Angeles-Ventura County watersheds respectively, and allocate funds to those subregions. The North and South Lahontan regions shall be treated as one region for the purpose of allocating funds, but the department may require separate regional plans. Funds available pursuant to this section shall be allocated in accordance with the following schedule:
- (a) Sixty-five million dollars (\$65,000,000) Thirty-eight million dollars (\$38,000,000) for the North Coast hydrologic region.
- (b) One hundred ninety-five million dollars (\$195,000,000) fifteen million dollars (\$115,000,000) for the San Francisco Bay hydrologic region.
- (c) Eighty-five million dollars (\$85,000,000) Fifty million dollars (\$50,000,000) for the Central Coast hydrologic region.
- (d) Two hundred eighty-four million dollars (\$284,000,000) One hundred sixty-seven million dollars (\$167,000,000) for the Los Angeles subregion.
- 38 (e) One hundred seventy-four million dollars (\$174,000,000) 39 *three million dollars* (\$103,000,000) for the Santa Ana subregion.

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(f) One hundred thirty-eight million dollars (\$138,000,000) Eighty-one million dollars (\$81,000,000) for the San Diego hydrologic region.

- (g) One hundred eighteen million dollars (\$118,000,000) Seventy million dollars (\$70,000,000) for the Sacramento River hydrologic region.
- (h) Ninety-eight million dollars (\$98,000,000) Fifty-six million dollars (\$56,000,000) for the San Joaquin River hydrologic region.
- (i) One hundred two million dollars (\$102,000,000) Sixty million dollars (\$60,000,000) for the Tulare/Kern hydrologic region.
- (j) Seventy-four million dollars (\$74,000,000) Forty-five million dollars (\$45,000,000) for the North/South Lahontan hydrologic region.
- (k) Sixty-seven million dollars (\$67,000,000) Forty million dollars (\$40,000,000) for the Colorado River Basin hydrologic region.
- 79726. (a) Prevention and clean up of groundwater contamination are critical components of successful groundwater management. Groundwater quality becomes especially important as water providers do the following:
- (1) Evaluate investments in groundwater recharge with surface water, stormwater, recycled water, and other conjunctive use projects that augment local groundwater supplies to improve regional water self-reliance.
- (2) Adapt to changing hydrologic conditions brought on by climate change.
- (3) Consider developing groundwater basins to provide much needed local storage options to accommodate hydrologic and regulatory variability in the state's water delivery system.
  - (4) Evaluate investments in groundwater recovery projects.
- (b) From the funds described in Section 79720, one billion dollars (\$1,000,000,000) shall be available to the state board for construction grants and loans for treatment and remediation projects that prevent or reduce the contamination of groundwater that serves as a source of drinking water.
- (c) For the purposes of awarding funding pursuant to this section, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community.

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(d) At least 10 percent of the funds available pursuant to this section shall be allocated for projects serving severely disadvantaged communities.

- (e) Funding authorized pursuant to this section shall include funding for technical assistance to disadvantaged communities. The state board shall operate a multidisciplinary technical assistance program for small and disadvantaged communities.
- (f) Priority shall be given to projects that do any of the following:
- (1) Have commenced a characterization study, consistent with the State Department of Public Health's Procedure Memorandum 97-005, and issued a notice of preparation for an environmental impact report.
- (2) Will address contamination at a site on the list maintained by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code or listed on the National Priorities List established pursuant to Section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sec. 9605(a)(8)(B)).
  - (3) Prevents or minimizes saltwater intrusion.
  - (g) The state board shall require grantees to do the following:
- (1) Make reasonable efforts to attempt to recover the costs of eleanup from the parties responsible for the contamination. A grantee shall not be required to seek cost recovery related to the costs of response actions apportioned to responsible parties who are insolvent or cannot be identified or located, or when a requirement to seek cost recovery would impose a financial hardship on the grantee.
- (2) Repay grant funds that are subsequently recovered from parties responsible for the groundwater contamination.
- (g) Of the funds available pursuant to subdivision (b), up to eighty-five million dollars (\$85,000,000) shall be available for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.
- 79727. From the funds described in Section 79720, twenty million dollars (\$20,000,000) shall be available to the Department of Parks and Recreation to address public health deficiencies in drinking water and wastewater quality at state parks.

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79727. Funding authorized by this chapter shall not be used to pay any share of the costs of remediation recovered from parties responsible for the contamination of a groundwater storage aquifer, but may be used to pay costs that cannot be recovered from responsible parties. Parties that receive funding for remediating groundwater storage aquifers shall exercise reasonable efforts to recover the costs of groundwater cleanup from the parties responsible for the contamination. Funds recovered from responsible parties may only be used to fund treatment and remediation activities.

79728. From the funds described in Section 79720, one hundred million dollars (\$100,000,000) seventy million dollars (\$70,000,000) shall be made available for competitive grants for projects that develop and implement sustainable groundwater management plans, consistent with—existing—groundwater management planning requirements in Division 6 (commencing with Section 10000), that further sustainable groundwater management.

79729. (a) From the funds described in Section 79720, one hundred million dollars (\$100,000,000) shall be available to the department for direct expenditures and grants for water conservation and water use efficiency plans, projects, and programs, including any of the following:

- (1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets developed pursuant to Chapter 3 (commencing with Section 10608.16) of Part 2.55 of Division 6. Priority for funding shall be given to programs that do any of the following:
- (A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost effective.
- (B) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.
- (C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

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(2) Agricultural water use efficiency projects and programs developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

- (3) Agricultural water management plans developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.
- (b) The department shall award grants under this section in a competitive process that considers, as primary factors, the local and statewide conservation and water use efficiency benefits of the measures proposed for grants.
- (c) Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this section. This section does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier.

# CHAPTER 6. WATER QUALITY PROJECTS

- 79730. (a) It is the intent of the people that this chapter provide funds to protect water quality in the rivers, lakes, streams, and coastal waters of the state, to assist in meeting the Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and other state and federal requirements for the protection of water quality, public health, and endangered species, and to protect or restore natural systems that contribute to water supply, water quality, or flood management.
- (b) The sum of three billion one hundred eighty million dollars (\$3,180,000,000) two billion three hundred million dollars (\$2,300,000,000) shall be available for the purposes of this chapter.
- (\$2,300,000,000) shall be available for the purposes of this chapter. 79731. (a) From the funds described in Section 79730, four hundred million dollars (\$400,000,000) two hundred ninety million dollars (\$290,000,000) shall be available to the state board for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund established by Section 13477.6 for grants for wastewater treatment projects to keep contaminants out of rivers, lakes, streams, groundwater, and coastal waters, and for other projects to protect the public and fish and wildlife from contaminated sources of water. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Special consideration shall be given to small communities with

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limited financial resources. Projects shall include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.

- (b) The state board may expend up to ten million dollars (\$10,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.
- (c) From the funds available pursuant to subdivision (a), twenty million dollars (\$20,000,000) shall be allocated to the state board for deposit into the Domestic Well and Septic Systems Investment Fund, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, for the purpose of providing grants and loans to domestic well and septic owners to protect drinking water sources and ensure safe and affordable drinking water for all Californians. The state board shall develop criteria for the allocation of these grants and loans that specifies these are for the benefit of small communities to treat drinking water or protect drinking water from contamination and includes an income threshold equivalent to the definition of a disadvantaged community.
- 79732. (a) From the funds described in Section 79730,—five hundred million dollars (\$500,000,000) three hundred thirty million dollars (\$330,000,000) shall be available to the state board for competitive grants for projects that develop, implement, or improve a stormwater capture and reuse plan consistent with Part 2.3 (commencing with Section 10560) of Division 6, as that part may be amended, and that capture and put to beneficial use stormwater or dry weather runoff.
- (b) Stormwater capture and reuse projects developed pursuant to an adopted integrated regional water management plan in compliance with Part 2.2 (commencing with Section 10530) of Division 6 are also eligible for funding under this section if those projects were identified and developed in substantive compliance with Part 2.3 (commencing with Section 10560) of Division 6, as those parts may be amended.
- (c) Projects eligible for funding under this section shall assist in the capture and reuse of stormwater or dry weather runoff. Eligible projects include any of the following:
- (1) Projects that capture, convey, treat, or put to beneficial use stormwater or dry weather runoff.

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(2) The development of stormwater capture and reuse plans pursuant to Part 2.3 (commencing with Section 10560) of Division 6, as that part may be amended.

- (3) Decision support tools, data acquisition, and data analysis to identify and evaluate the benefits and costs of potential stormwater capture and reuse projects.
- (4) Projects that, in addition to capturing and reusing stormwater or dry weather runoff, improve water quality, provide public benefits, such as augmentation of water supply, flood control, open space and recreation, and projects designed to mimic or restore natural watershed functions.
- (d) The state board shall grant special consideration to plans or projects that provide multiple benefits such as water quality, water supply, flood control, natural lands, or recreation.
- (e) The state board shall require a 25-percent local cost share for grant funds, but may suspend or reduce the matching requirements for projects that capture or reuse stormwater or dry weather runoff in disadvantaged communities.
- (f) The state board shall adopt a policy establishing criteria for projects funded by this section to ensure that a project funded pursuant to this section complies with water quality laws and does not put at risk any groundwater or surface water supplies.
- (g) No more than seventy-five million dollars (\$75,000,000) shall be awarded for the development of stormwater capture and reuse plans.
- 79733. From the funds described in Section 79730, five hundred million dollars (\$500,000,000) shall be available to the state board for grants for water recycling and advanced treatment technology projects, including all of the following:
- (a) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.
- (b) Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities.
- (c) Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end-user retrofit projects to allow the use of recycled water.
- 39 (d) Pilot projects for new salt and contaminant removal 40 technology.

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(e) Groundwater recharge infrastructure related to recycled water.

- (f) Technical assistance and grant writing assistance for disadvantaged communities.
- 79734. For the purpose of awarding funding under Section 79733, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community.
- 79735. Projects funded pursuant to Section 79733 shall be selected on a competitive basis, considering all of the following criteria:
  - (a) Water supply reliability improvement.
- (b) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.
  - (c) Public health benefits from improved drinking water quality.
  - (d) Cost-effectiveness.

- (e) Energy efficiency and greenhouse gas emission impacts.
- (f) Reasonable geographic allocation to eligible projects throughout the state, including both northern and southern California and coastal and inland regions.
- 79736. For purposes of Section 79733, competitive programs shall be implemented consistent with water recycling programs administered pursuant to Sections 79140 and 79141 or consistent with desalination programs administered pursuant to Sections 79545 and 79547.2.
- 79737. (a) From the funds described in Section 79730, the sum of two hundred fifty million dollars (\$250,000,000) one hundred sixty-five million dollars (\$165,000,000) shall be available for water quality, river, and watershed protection and restoration projects of statewide importance outside of the Delta. Funds provided by this section shall be allocated according to the following schedule:
- (1) One hundred million dollars (\$100,000,000) Sixty-six million dollars (\$66,000,000) for projects that help fulfill state obligations under Chapters 611, 612, and 613 of the Statutes of 2003, which were enacted to facilitate the execution and implementation of the Quantification Settlement Agreement, including restoration of the Salton Sea.

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(2) One hundred million dollars (\$100,000,000) Sixty-six million dollars (\$66,000,000) for projects that help fulfill state obligations under the San Joaquin River Restoration Settlement, as described in Part I of Subtitle A of Title X of Public Law 111-11.

- (3) Fifty million dollars (\$50,000,000) Thirty-three million dollars (\$33,000,000) for projects that help fulfill state obligations under the Tahoe Regional Planning Compact pursuant to Section 66800 of the Government Code. Funds provided by this paragraph shall be approved pursuant to Title 7.42 (commencing with Section 66905) of the Government Code, as those provisions may be amended.
- (b) Expenditures funded by this section shall comply with Section 16727 of the Government Code.
- 79738. (a) From the funds described in Section 79730, the sum of one billion one hundred seventy-five million dollars (\$1,175,000,000) seven hundred eighty million dollars (\$780,000,000) shall be available for projects that protect and improve California's watersheds, wetlands, forests, and flood plains.
- (b) Funds available pursuant to this section shall be allocated as follows:
- (1) Baldwin Hills Conservancy:—fifteen ten million dollars (\$15,000,000). (\$10,000,000).
- (2) California Tahoe Conservancy: forty-five thirty million dollars (\$45,000,000). (\$30,000,000).
- (3) Coachella Valley Mountains Conservancy: twenty fifteen million dollars (\$20,000,000). (\$15,000,000).
- (4) San Diego River Conservancy: twenty fifteen million dollars (\$20,000,000). (\$15,000,000).
- (5) San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy: sixty-five million dollars (\$65,000,000). forty-three million dollars (\$43,000,000).
- 33 (6) San Joaquin River Conservancy: twenty fifteen million dollars (\$20,000,000). (\$15,000,000).
  - (7) Santa Monica Mountains Conservancy: sixty-five forty-three million dollars (\$65,000,000). (\$43,000,000).
  - (8) Sierra Nevada Conservancy: one hundred fifteen seventy-five million dollars (\$115,000,000). (\$75,000,000).
- 39 (9) State Coastal Conservancy: three hundred two hundred 40 million dollars (\$300,000,000). (\$200,000,000).

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(10) Wildlife Conservation Board: four hundred sixty three hundred million dollars (\$460,000,000). (\$300,000,000).

- (11) California Ocean Protection Council: fifty thirty-four million dollars (\$50,000,000). (\$34,000,000).
- (c) Of the funds allocated to the State Coastal Conservancy pursuant to paragraph (9) of subdivision (b), one hundred sixty-five thirty million dollars-(\$165,000,000) (\$130,000,000) is available as follows:
- (1) Fifty million dollars (\$50,000,000) Thirty-five million dollars (\$35,000,000) shall be available for projects that help restore coastal salmonid populations.
- (2) Seventy-five million dollars (\$75,000,000) Fifty-three million dollars (\$53,000,000) shall be available for flood control projects on public lands that provide critical flood, water quality, and wetland ecosystem benefits to the San Francisco Bay region.
- (3) Forty million dollars (\$40,000,000) Twenty-eight million dollars (\$28,000,000) shall be available for projects that benefit the Santa Ana River watershed.
- (4) Fourteen million dollars (\$14,000,000) shall be available for projects that would revitalize and restore the Tijuana River and Otay River watersheds.
- (d) Of the funds allocated to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy pursuant to paragraph (5) of subdivision (b), up to fifteen million dollars (\$15,000,000) shall be available for multibenefit coastal wetlands restoration undertaken in coordination with the State Coastal Conservancy.
  - (e) Eligible projects include those that do any of the following:
- (1) Reduce pollution or contamination of rivers, lakes, streams, or coastal waters.
- (2) Protect or restore rural or urban watershed functions that contribute to water supply, water quality, or flood management.
- (3) Protect and restore aquatic, coastal, wetland, and migratory bird ecosystems, including fish and wildlife corridors.
- (4) Implement adaptation and conservation projects that improve the ability of California's watersheds, wetlands, forests, and flood plains to reduce the impacts of climate change on California's communities and ecosystems including through the implementation of natural community conservation plans and habitat conservation plans.

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(f) Priority shall be given to projects with multiple benefits such as increased water supply, improved water quality, and improved local or regional water quality and water supply reliability that builds the resilience of human communities and natural habitats against the risks of prolonged drought or the exhaustion of water supplies.

- (g) An appropriation of funds available pursuant to this section may include funds for planning, monitoring, and assessment of the effectiveness of the programs and projects authorized for funding.
- 79739. (a) From the funds described in Section 79730,—two hundred million dollars (\$200,000,000) one hundred thirty-five million dollars (\$135,000,000) shall be available to the secretary for a competitive program to fund multibenefit watershed and river enhancement projects in urban watersheds. Eligible applicants are public agencies and nonprofit organizations. Eligible projects shall improve watershed health, water quality, or water supply reliability. All projects shall increase regional and local water self-sufficiency and meet at least two or more of the following objectives:
  - (1) Promote groundwater recharge and water reuse.
  - (2) Reduce energy consumption.
- (3) Use soils, plants, and natural or designed processes to treat and capture runoff.
  - (4) Create or restore native habitat.
- (5) Increase regional and local resiliency and adaptability to climate change.
- (6) Further the purposes of the California Urban Forestry Act of 1978 (Chapter 2 (commencing with Section 4799.06) of Part 2.4 of Division 4 of the Public Resources Code) with urban forestry projects in the immediate proximity of the river.
- (b) At least 75 percent of the funds available pursuant to this section shall be allocated for projects that are located in or in close proximity to, major metropolitan cities for a river that has adopted a revitalization plan as of January 1, 2014. Funds made available by this subdivision are available for grants along the entire river and its tributaries, not solely for those river reaches covered by the revitalization plan.
- 79740. (a) From the funds described in Section 79730, thirty twenty million dollars—(\$30,000,000) (\$20,000,000) shall be

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available to fund watershed activities by resource conservation districts.

purposes.

(b) To be eligible for the funding available pursuant to this section, the board of a resource conservation district shall be appointed by the local county board of supervisors.

79741. From the funds described in Section 79730, twenty-five million dollars (\$25,000,000) fifteen million dollars (\$15,000,000) shall be available for competitive grants for special districts and nonprofit organizations for projects that reduce or manage runoff from agricultural lands for the benefit of surface and groundwater quality.

79742. From Notwithstanding Section 79784, from the funds described in Section 79730, the sum of one hundred million dollars (\$100,000,000) sixty-five million dollars (\$65,000,000) shall be available to the Wildlife Conservation Board for wildlife refuges and wildlife habitat areas—under to fulfill the purposes identified in Section 3406(d) of Title 34 of Public Law 102-575.

#### Chapter 7. Delta

79750. (a) It is the intent of the people that this chapter provide funds to protect, restore, and enhance the Delta ecosystem, improve the water quality, protect the unique cultural, recreational, natural resource, and agricultural values of the Delta, and protect the integrity of Delta levees for water conveyance and flood control

(b) The sum of one billion three hundred million dollars (\$1,300,000,000) eight hundred fifty million dollars (\$850,000,000) shall be available for the purposes of this chapter.

- 79751. (a) From the funds described in Section 79750, nine hundred million dollars (\$900,000,000) five hundred million dollars (\$500,000,000) shall be available to the Sacramento-San Joaquin Delta Conservancy for water quality, ecosystem restoration, fish protection facilities, and community sustainability projects that benefit the Delta, including, but not limited to, the following:
- (1) Projects to improve water quality facilities or projects that contribute to improvements in water quality in the Delta, including projects in Delta counties that provide multiple public benefits and improve drinking or agricultural water quality or water supplies.

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(2) Habitat restoration, conservation, and enhancement projects to improve the condition of special status, at risk, endangered, or threatened species in the Delta and the Delta counties, including projects to eradicate invasive species, and projects that support the beneficial reuse of dredged material for habitat restoration and levee improvements.

- (3) Projects to assist in preserving economically viable and sustainable agriculture and other economic activities in the Delta, including local infrastructure projects and projects to mitigate the economic and community impacts of any conversion of agricultural land to habitat funded by this section.
- (4) Multibenefit recycled water projects that improve groundwater management and Delta tributary ecosystems.
- (5) Scientific studies and assessments that support the Delta Science Program as described in Section 85280 or projects authorized under this section.
- (b) Of the funds available pursuant to subdivision (a), not less than—five hundred million dollars (\$500,000,000) two hundred eighty million dollars (\$280,000,000) shall be made available for purposes of paragraphs (1) and (2) of subdivision (a).
- (c) Of the funds available pursuant to subdivision (a), not less than three hundred million dollars (\$300,000,000) one hundred sixty-five million dollars (\$165,000,000) shall be made available for purposes of paragraph (3) of subdivision (a).
- (d) Of the funds available pursuant to subdivision (a), not less than one hundred million dollars (\$100,000,000) fifty-five million dollars (\$55,000,000) shall be made available for purposes of paragraphs (4) and (5) of subdivision (a).
- 79752. From the funds described in Section 79750, four hundred million dollars (\$400,000,000) three hundred fifty million dollars (\$350,000,000) shall be available to reduce the risk of levee failure and flood in the Delta for any of the following:
- (a) Local assistance under the Delta levee maintenance subventions program under Part 9 (commencing with Section 12980) of Division 6, as that part may be amended.
- (b) Special flood protection projects under Chapter 2 (commencing with Section 12310) of Part 4.8 of Division 6, as that chapter may be amended.

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(c) Levee improvement projects that increase the resiliency of levees within the Delta to withstand earthquake, flooding, or sea level rise.

(d) Emergency response and repair projects.

# CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT FOR DROUGHT PREPAREDNESS

- 79760. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).
- (b) Notwithstanding Section 13340 of the Government Code, the sum of three billion dollars (\$3,000,000,000) two billion dollars (\$2,000,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.
- (c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.
- (d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.
- 79761. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:
- 39 (a) Surface storage projects identified in the CALFED Bay-Delta 40 Program Record of Decision, dated August 28, 2000, except for

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1 projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

- (b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.
  - (c) Conjunctive use and reservoir reoperation projects.
- (d) Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits.
- 79762. A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta.
- 79763. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:
- (1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta.
- (2) Water quality improvements in the Delta, or in other river systems, that provide significant public trust resources, or that clean up and restore groundwater resources.
- (3) Flood control benefits, including, but not limited to, increases in flood reservation space in existing reservoirs by exchange for existing or increased water storage capacity in response to the effects of changing hydrology and decreasing snow pack on California's water and flood management system.
- (4) Emergency response, including, but not limited to, securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism.
- (5) Recreational purposes, including, but not limited to, those recreational pursuits generally associated with the outdoors.
- (b) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in this section.
- 79764. In consultation with the Department of Fish and Wildlife, the state board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79763 by

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December 15, 2016. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Wildlife and the priorities and relative environmental value of water quality benefits as provided by the state board.

- 79765. (a) Except as provided in subdivision (c), funds allocated pursuant to this chapter shall not be allocated for a project before December 15, 2016, and until the commission approves the project based on the commission's determination that all of the following have occurred:
- (1) The commission has adopted the regulations specified in Section 79764 and specifically quantified and made public the cost of the public benefits associated with the project.
- (2) The project applicant has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79763, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.
- (3) The project applicant has entered into a contract with each public agency identified in Section 79764 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.
- (4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.
  - (5) All of the following additional conditions are met:
  - (A) Feasibility studies have been completed.
- (B) The commission has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.
- 38 (C) All environmental documentation associated with the project 39 has been completed, and all other federal, state, and local approvals,

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1 certifications, and agreements required to be completed have been2 obtained.

- (b) The commission shall submit to the Legislature its findings for each of the criteria identified in subdivision (a) for a project funded pursuant to this chapter.
- (c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.
- 79766. (a) The public benefit cost share of a project funded pursuant to this chapter, other than a project described in subdivision (c) of Section 79761, shall not exceed 50 percent of the total costs of any project funded under this chapter.
- (b) A project shall not be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79763 that are at least 50 percent of total public benefits of the project funded under this chapter.
- 79767. (a) A project is not eligible for funding under this chapter unless, by January 1, 2022, all of the following conditions are met:
- (1) All feasibility studies are complete and draft environmental documentation is available for public review.
- (2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.
- (3) The project applicant receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.
- (b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.
- 79768. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79761 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

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79769. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant to this chapter may be provided for those purposes to local joint powers authorities formed by irrigation districts and other local water districts and local governments within the applicable hydrologic region to design, acquire, and construct those projects.

- (b) The joint powers authorities described in subdivision (a) may include in their membership governmental partners that are not located within their respective hydrologic regions in financing the surface storage projects, including, as appropriate, cost-share participation or equity participation. Notwithstanding Section 6525 of the Government Code, the joint powers authorities described in subdivision (a) shall not include in their membership any for-profit corporation, or any mutual water company whose shareholders and members include a for-profit corporation or any other private entity. The department shall be an ex officio member of each joint powers authority subject to this section, but the department shall not control the governance, management, or operation of the surface water storage projects.
- (c) A joint powers authority subject to this section shall own, govern, manage, and operate a surface water storage project, subject to the requirement that the ownership, governance, management, and operation of the surface water storage project shall advance the purposes set forth in this chapter.
- 79769.5. (a) In approving the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, the people were informed and hereby declare that the provisions of this chapter are necessary, integral, and essential to meeting the single object or work of the Safe, Clean, and Reliable Drinking Water Supply Act of 2014. As such, any amendment of the provisions of this chapter by the Legislature without voter approval would frustrate the scheme and design that induced voter approval of this act. The people therefore find and declare that any amendment of the provisions of this chapter by the Legislature shall require an affirmative vote of two-thirds of the membership in each house of the Legislature and voter approval.
- (b) This section shall not govern or be used as authority for determining whether the amendment of any other provision of this act not contained in this chapter would constitute a substantial

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change in the scheme and design of this act requiring voter approval.

### CHAPTER 9. GENERAL PROVISIONS

79770. The proceeds of bonds issued and sold pursuant to this division shall be deposited into the Safe Drinking Water, Water Quality, and Water Supply Fund of 2014, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, in the manner and for the purposes set forth in this division.

79772. An amount that equals not more than 5 percent of the funds allocated for a program pursuant to this division may be used to pay the administrative costs of that program.

79774. Up to 10 percent of funds allocated for each program funded by this division may be used to finance planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for "preliminary plans," "working drawings," and "construction" as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring data shall be collected and reported to the state board in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the state board.

79776. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 8 (commencing with Section 79760).

79778. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that is required to administer a financial assistance program under this division shall develop project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded. If the state agency has previously developed and adopted project solicitation and evaluation guidelines that meet the requirements of this division, it may use those guidelines.

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(b) Prior to disbursing funds pursuant to this division, the state agency shall conduct public meetings to consider public comments prior to finalizing the guidelines, as determined to be necessary by the implementing state agency. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before any public meetings. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

- (c) Projects funded with proceeds from this division shall promote state planning priorities consistent with the provisions of Section 65041.1 of the Government Code and sustainable communities strategies consistent with the provisions of subparagraph (B) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code.
- (d) To the extent feasible, in implementing Section 79751, the Sacramento-San Joaquin Delta Conservancy shall seek to achieve wildlife conservation objectives through projects on public lands or voluntary projects on private lands. Funds available pursuant to Section 79751 may be used, in consultation with the Department of Fish and Wildlife, for payments to landowners for the creation of measurable habitat improvements or other improvements to the condition of endangered or threatened species. The Sacramento-San Joaquin Delta Conservancy may develop and implement a competitive program for habitat enhancements that maximizes voluntary landowner participation in projects that provide measurable and long-lasting habitat or species improvements in the Delta. These funds shall not be used to subsidize or decrease the mitigation obligations of any party.
- (e) In implementing Section 79751, the Sacramento-San Joaquin Delta Conservancy shall coordinate, cooperate, and consult with the city or county in which a grant is proposed to be expended or an interest in real property is proposed to be acquired and with the Delta Protection Commission. Acquisitions pursuant to Section 79751 shall be from willing sellers only.
- (f) In implementing Section 79751, the Sacramento-San Joaquin Delta Conservancy shall require grantees to demonstrate how local economic impacts, including impacts related to the loss of agricultural lands, will be mitigated.

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(g) Funds provided by this division shall not be used to acquire land via eminent domain.

- (h) Restoration and ecosystem protection projects funded by this division shall use the services of the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5 of the Public Resources Code, whenever feasible.
- (i) It is the intent of the people that California's working agricultural and forested landscapes be preserved wherever possible. To the extent feasible, watershed objectives included in this division should be achieved through use of conservation easements and voluntary landowner participation, including, but not limited to, the use of easements pursuant to Division 10.4 (commencing with Section 10330) and Division 10.2 (commencing with Section 10200) of the Public Resources Code and voluntary habitat credit exchange mechanisms.
- (j) It is the intent of the people that any funds allocated pursuant to this division to an investor-owned utility regulated by the Public Utilities Commission or a mutual water company should be for the benefit of the ratepayers or the public and not the investors.
- (k) In allocating funds pursuant to Section 79721, 79722, or 79731, the state board shall consider a written statement prepared by a local agency formation commission regarding the consolidation or extension of, or other shared solutions for, water or sewer services.

79780. It is the intent of the people that:

- (a) The investment of public funds pursuant to this division result in public benefits.
- (b) Special consideration be given to projects that employ new or innovative technology or practices, including decision support tools that demonstrate the multiple benefits of integration of multiple jurisdictions, including, but not limited to, water supply, flood control, land use, and sanitation.
- 79782. The State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund. The State Auditor shall report its findings annually on or before March 1 to the Governor and the Legislature, and shall make the findings available to the public.
- 79783. Funds provided by this division shall be expended in a manner consistent with the applicable regional water quality control plan adopted pursuant to Chapter 4 (commencing with

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Section 13200) of Division 7 in effect at the time the project is approved.

- 79784. (a) Funds provided by—this—division Section 79738, Section 79751, or subdivision (b) of Section 79760 shall not be used to support or pay for the costs of environmental mitigation measures or compliance obligations of any party except as part of the environmental mitigation costs of projects financed by—this division those sections. Funds provided by—this division Section 79738, Section 79751, or subdivision (b) of Section 79760 may be used for environmental enhancements or other public benefits.
- (b) Funds provided by this division shall not be expended for the acquisition or transfer of water rights except for a permanent dedication of water approved in accordance with Section 1707 where the state board specifies that the water is in addition to water that is required for regulatory requirements as provided in subdivision (c) of Section 1707. The requirement that a dedication of water be permanent shall not preclude the expenditure of funds provided by this division for the initiation of the dedication as a short term or temporary urgency change, that is approved in accordance with Section 1707 and either Chapter 6.6 (commencing with Section 1435) of, or Chapter 10.5 (commencing with Section 1725) of, Part 2 of Division 2, during the period required to prepare any environmental documentation and for approval of permanent dedication.

79786. Funds provided by this division shall not be expended to pay costs associated with design, construction, operation, maintenance, or mitigation of new Delta conveyance facilities.

79788. The Legislature may enact legislation necessary to implement programs funded by this division.

- 79790. (a) Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, mutual water companies, and Indian tribes having a federally recognized governing body carrying out substantial governmental duties in, and powers over, any area. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.
- (b) (1) To be eligible for funding under this division, an urban water supplier shall adopt and submit an urban water management

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plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6).

- (2) To be eligible for funding under this division, an agricultural water supplier shall adopt and submit an agricultural water management plan in accordance with the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6).
- (3) In accordance with Section 10608.56, an agricultural water supplier or an urban water supplier is ineligible for funding under this division unless it complies with the requirements of Part 2.55 (commencing with Section 10608) of Division 6.
- 79792. (a) This division does not diminish, impair, or otherwise affect in any manner whatsoever any area of origin, watershed of origin, county of origin, or any other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law. This division does not limit or otherwise affect the application of Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220, inclusive.
- (b) For the purposes of this division, an area that utilizes water that has been diverted and conveyed from the Sacramento River hydrologic region, for use outside the Sacramento River hydrologic region or the Delta, shall not be deemed to be immediately adjacent thereto or capable of being conveniently supplied with water therefrom by virtue or on account of the diversion and conveyance of that water through facilities that may be constructed for that purpose after January 1, 2014.
- (c) Nothing in this division supersedes, limits, or otherwise modifies the applicability of Chapter 10 (commencing with Section 1700) of Part 2 of Division 2, including petitions related to any new conveyance constructed or operated in accordance with Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.
- (d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or otherwise affects existing legal protections, both procedural and substantive, relating to the state board's regulation of diversion and use of water, including, but not limited to, water rights priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes in water rights.

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Nothing in this division expands or otherwise alters the state board's existing authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction over California water rights.

- (e) Nothing in this division limits or otherwise affects the application of Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.
- (f) Nothing in this division shall be construed to affect the California Wild and Scenic Rivers Act (Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code) or the federal Wild and Scenic Rivers Act (16 U.S.C. Sec. 1271 et seq.), and funds available pursuant to this division shall not be available for any project that could have an adverse effect on the free flowing condition of a wild and scenic river or any other river afforded protections pursuant to the California Wild and Scenic Rivers Act or the federal Wild and Scenic Rivers Act (16 U.S.C. Sec. 1271 et seg.).
- (g) Nothing in this division shall be construed to affect any contract entered into before January 1, 2013, between the State of California and one or more of the delta water agencies pursuant to the authority granted under Chapter 283 of the Statutes of 1973, Chapter 1089 of the Statutes of 1973, or Chapter 1133 of the Statutes of 1973, as those chapters may have been amended.

79794. All funds provided by this division shall be administered and expended pursuant to existing law, as those provisions may be amended, including, but not limited to, the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000), unless explicitly exempted by this division).

# Chapter 10. Fiscal Provisions

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79820. (a) Bonds in the total amount of ten billion five hundred million dollars (\$10,500,000,000) seven billion five hundred million dollars (\$7,500,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds issued in accordance with Section 79840 may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The

bonds, when sold, shall be and constitute a valid and binding

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obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall sell the bonds authorized by the finance committee pursuant to this section. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the finance committee pursuant to Section 16731 of the Government Code.

79822. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except subdivisions (a) and (b) of Section 16727 of the Government Code.

79824. (a) Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) of the bonds authorized by this division, the Safe Drinking Water, Water Quality, and Water Supply Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water, Water Quality, and Water Supply Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The finance committee consists of the Director of Finance, the Treasurer, the Controller, the Director of Water Resources, and the Secretary of the Natural Resources Agency, or their designated representatives. The Treasurer shall serve as chairperson of the finance committee. A majority of the finance committee may act for the finance committee.

(b) For purposes of the State General Obligation Bond Law, the Department of Water Resources is designated the "board."

79826. The finance committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry

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out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

79828. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

79830. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

- (a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.
- (b) The sum necessary to carry out Section 79832, appropriated without regard to fiscal years.

79832. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds that have been authorized by the finance committee to be sold for the purpose of carrying out this division less any amount borrowed pursuant to Section 79838. Any amounts withdrawn shall be deposited in the fund. Any moneys made available under this section shall be returned to the General Fund from proceeds received from the sale of bonds for the purpose of carrying out this division.

79834. All moneys deposited in the fund that are derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay the cost of bond issuance prior to any transfer to the General Fund.

79836. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds, including premium, if any. To the extent the cost of bond issuance is not paid from premiums received from the sale of bonds, the

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cost shall be shared proportionally by each program funded through this division by the applicable bond sale.

79838. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code for the purpose of carrying out this division less any amount withdrawn pursuant to Section 79832. The amount of the request shall not exceed the amount of the unsold bonds that the finance committee, by resolution, has authorized to be sold for the purpose of carrying out this division. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

79840. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds under this division shall include the approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79842. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

79844. The proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of

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these proceeds is not subject to the limitations imposed by that article.

- SEC. 3. (a) The Legislature finds and declares that voter-approved bonds enacted in the past include funding for projects that are either no longer necessary or not as vital as other projects to the continued supply of safe, clean, and affordable water California needs today. Today's electorate should have the choice to redirect proceeds from bonds approved decades ago to superior uses given California's changing water supply needs.
- (b) Notwithstanding any other provision of law and without limiting any other authorized use, any unencumbered proceeds of bonds in the following bond funds as of November 5, 2014, may be appropriated by the Legislature for one or more of the purposes of Sections 79724, 79728, and 79732 of the Water Code, including, but not limited to, making grants as provided in those provisions rather than for the purposes described in the bond acts pursuant to which the bonds were issued:
- (1) The 1986 Water Conservation and Water Quality Bond Fund created pursuant to Section 13453 of the Water Code.
- (2) The 1988 Water Conservation Fund created pursuant to Section 12879.3 of the Water Code.
- (3) The Safe, Clean, Reliable Water Supply Fund created pursuant to Section 78505 of the Water Code and any accounts therein.
- (4) The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Fund created pursuant to Section 79013 of the Water Code and any accounts therein.
- (c) Prior to a grant or any other application of any unencumbered proceeds of bonds for the purposes of Sections 79724, 79728, and 79732 of the Water Code, either the finance committee as created by Section 79824 of the Water Code or the State Water Resources Control Board, whomever is approving the applicable grant or otherwise applying the bond proceeds, shall consult with the office of the Treasurer to determine whether the application of the bond proceeds to the particular purpose and the related operation and administration of any related project complies with any federal income tax restrictions and any contractual agreements then in effect relating to the applicable bonds.

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SEC. 4. Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, as amended by Section 1 of Chapter 74 of the Statues of 2012, is repealed.

- SEC. 5. Sections 2 and 3 of this act shall be submitted to the voters at the November 4, 2014, statewide general election in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.
- SEC. 5. (a) Notwithstanding the requirements of Sections 9040, 9043, 9044, 9061, and 9082 of the Elections Code, or any other law, the Secretary of State shall submit Sections 2 and 3 of this act to the voters at the November 4, 2014, statewide general election.
- (b) Notwithstanding Section 13115 of the Elections Code, Sections 2 and 3 of this act shall be placed on the ballot following all other ballot measures.
- (c) The Secretary of State shall include in the ballot pamphlets mailed pursuant to Section 9094 of the Elections Code the information specified in Section 9084 of the Elections Code regarding the bond act contained in Sections 2 and 3 of this act. If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet regarding this act to be mailed with the ballot pamphlet. If the supplemental ballot pamphlet cannot be mailed with the ballot pamphlet, the supplemental ballot pamphlet shall be mailed separately.
- SEC. 6. Sections 2 and 3 of this act shall take effect upon the approval by the voters of the Safe Drinking Water, Water Quality, and Water Supply Act of 2014, as set forth in that section at the November 4, 2014, statewide general election.
- SEC. 7. It is the intent of the Legislature to enact legislation during the 2013–14 Regular Session that would develop statewide groundwater management plan requirements.
- SEC. 8. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

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- In order to fund safe drinking water, water quality, and water supply at the earliest possible date, it is necessary that this act take effect immediately. 1
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